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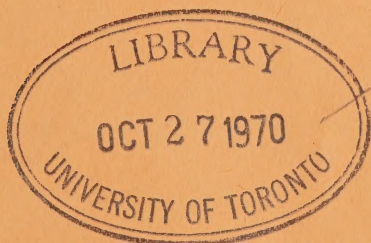
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PFAA

PRAIRIE FARM ASSISTANCE ACT



**AN AID TO FARMERS
IN THE EVENT OF
SERIOUS CROP LOSSES**

Prairie farms rehabilitation administration

CANADA DEPARTMENT OF AGRICULTURE



"Not only has agriculture suffered from the ups and downs in prices, agriculture has suffered severely from drought, floods, hail, rust, disease and depredation."

*— Hon. Alvin Hamilton,
Minister of Agriculture.*

*"If you can look into the seeds of time,
And say which grain will grow and which will not."*

— Macbeth

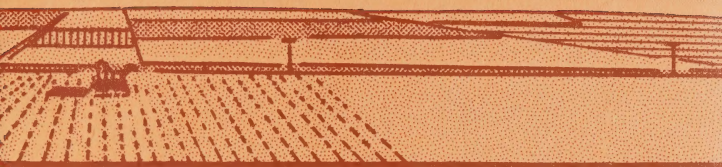
EVER since the first crop of wheat was sown in the spring wheat area of the prairie provinces, grain growers have had to contend with crop failures. And crop failures and hardships go hand in hand.

This was particularly true when severe drought struck the prairies in the 1930's, putting many grain growers out of business and thousands more on relief.

As conditions became worse instead of better, the direct relief problem became too large for the municipalities and provinces to contend with and they, in turn, looked to the federal government for help.

Their appeal was answered in 1939 with the introduction of the Prairie Farm Assistance Act. This carefully thought out legislation was designed to help the municipalities and provinces discharge their constitutional responsibilities to farmers in the spring wheat area in times of widespread crop failure. The Act is administered through a head office in Regina and a sub-office at Edmonton. Fourteen full-time district representatives supervise crop inspection to establish average yields.

Strangely enough, some grain growers in the area have yet to experience a crop failure. Others have been through one disastrous year after another . . . and the odds are that more such years lie ahead.



EXPLANATION OF PFAA

In a nutshell, the Prairie Farm Assistance Act was passed to provide direct financial assistance to farmers in an area suffering a crop failure.

It is simply a type of financial aid—as the name implies—to permit farmers in a crop failure area to carry on their farming operations.

At first glance payments made under the Prairie Farm Assistance Act appear to be a form of crop insurance. This is not so because the payments cannot be made on the individual farm basis. They can only be made on an area basis, and no area of less than a section can be taken into account in the computations and the making of payments.

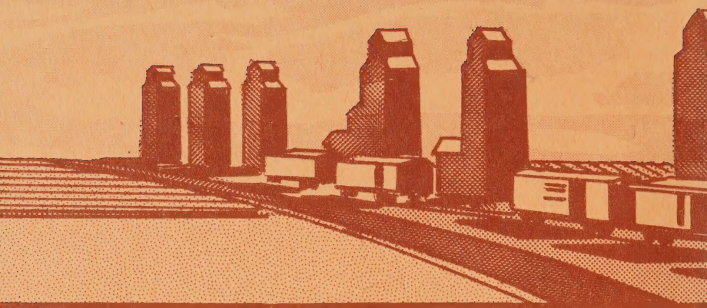
Over the years this “financial assistance” has totalled more than a quarter billion dollars. That’s a lot of money, but it didn’t all come out of the federal treasury and therefore cannot be considered “charity”.

Farmers throughout the area have contributed about half the amount involved through a one per cent levy on all grain marketed through normal channels. The federal government picked up the rest of the tab. Together, the grain growers and the federal government have saved the various provincial governments involved a staggering bill for direct relief in years of disastrous crop failure.

Responsibility for collecting the one per cent levy rests with the Board of Grain Commissioners.

WHERE ACT APPLIES

Provisions of the Prairie Farm Assistance Act apply to the provinces of Manitoba, Saskatchewan and Alberta and to the Peace River Block in northeastern British Columbia. The area covered by the Act is characterized by extremely variable crop yields. The main reason for



this is periods of drought although insects, rust, hail, frost and unfavorable harvesting conditions all have taken their toll.

BASIS FOR PAYMENTS

The average yield of wheat in a township or block of sections is the basis on which payments are made. If the average yield is 8 bushels per acre or less, then all farmers within that area—with the exception of those on sections where the yield is 12 or more bushels—receive payment.

The smallest isolated block of sections eligible for payment is one-third of a township (12 sections) provided such a block is rectangular in shape. A block as small as one section within an ineligible township is eligible for payment if a side lies along the boundary of an eligible township and has a yield of 8 bushels or less.

Rural Municipalities and Local Improvement Districts inform the PFAA administration by September 15 each year of the townships where the yields have been estimated at 8 bushels or less. Part-time fieldmen, under direction of the district representatives, are then sent out to take Cultivated Acreage Reports from the farmers, setting out the crop acreage and the amount of grain harvested. It is on the basis of these reports that payments are made to farmers.

Only farmers who reside in or are normally present in the spring wheat area are eligible for an award under the Prairie Farm Assistance Act.

CATEGORIES OF PAYMENT

There are three categories of payment, based on whether the average yield of wheat in a township or block



of sections is from 0—3 bushels per acre, 3—5 bushels, or 5—8 bushels per acre in a crop failure year.

The system works like this . . .

If the average yield of wheat for the township or block of sections, excluding those sections having a yield of 12 or more bushels per acre, is 3 bushels or less per acre, the payment is \$4 per acre on one-half of the total cultivated acreage of the farmer.

If the average yield is more than 3 and not more than 5 bushels per acre, the payment is \$3 per acre on one-half of the total cultivated acreage of the farmer.

If the average yield is more than 5 and not more than 8 bushels per acre, the payment is \$2 per acre on one-half the total cultivated acreage of the farmer.

MINIMUM AND MAXIMUM PAYMENTS

In the 0—5 bushel categories the minimum payment is \$200. But to qualify for this minimum award, a farm must have at least 25 acres under cultivation or in the development stage other than land seeded to grass.

The maximum payment is \$800 to farmers in the 0—3 bushel category, \$600 in the 3—5 bushel category, and \$400 to farmers in the 5—8 bushel category. The maximum payment is reached when the cultivated acreage amounts to 400 acres.

GROWERS CONTRIBUTE

Although it may appear small to many people, the part played by grain growers in support of the Prairie Farm Assistance Act is a big and important one.

True, their contributions to the Prairie Farm Emergency Fund for disbursement under terms of the PFAA amount to only one per cent of all sales of wheat, oats,

barley, rye, flax and rapeseed. But from 1939 when the Act came into being until July 31, 1960, they had paid \$120,312,114.09 into the fund. In return they received more than twice this amount in Prairie Farm Assistance payments. Additional funds required to meet these payments were provided by the federal government without interest.

All administrative expenses incurred under the PFAA also are paid by the federal government. They amount to approximately three per cent of the total payments to farmers.

OVER \$1/4 BILLION PAID

Payments made to farmers who experienced bad crop years between 1939 and May 5, 1961, totalled \$258,761,404.65.

Some districts in the spring wheat area have received payments most years while some have never received payments or, at best, have received them once or twice. Any crop year can be a bad one for some grain growers and 1954, for example, was no exception. The following is an excerpt from the annual report of the Minister of Agriculture, 1955:

“The year 1954 was a disastrous one for western grain growers. A cold wet spring that seriously delayed seeding was followed by abnormal rainfall that caused flooding conditions and actually prevented all seeding in parts of northeastern Saskatchewan and along the Assiniboine River in Manitoba. Some damage from hail was caused in southwestern Saskatchewan, also in central and southern Alberta. Excessive rainfall during the growing season with hot, humid weather paved the way for a most severe infestation of rust, resulting in the worst crop failure in the West since the inception of the Act.”

Grain growers that year turned immediately to the PFAA administration for help and 154,791 awards totalling \$33,013,726.75 were granted. It was the largest number of awards granted and the greatest amount of cash expended in any single year since the Act came into being in 1939.

The smallest number of awards, 9,607 totalling \$1,570,882.75 was made in 1952.

PAYMENTS PROTECTED

Few grain growers realize it, but PFAA payments are exempt from the operation of any law relating to bank-

ruptcy, insolvency, garnishment or attachment and are not assignable either at law or in equity. Farmers are thus assured of some money in a crop failure year to meet their most pressing expenses and carry on their farming operations.

SOME LANDS EXCLUDED

Certain lands are excluded from benefiting under the Prairie Farm Assistance Act. They include experimental farms, market gardens and farms declared submarginal and ordered evacuated under provisions of provincial statutes.

WHEN OTHER GRAINS PREDOMINATE

The average yield of wheat in a township or block of sections is not always the basis by which PFAA payments are made to farmers.

When less than 10 per cent of the seeded acreage in a township is sown to wheat, the yield of rye, oats, barley, flax or rapeseed, whichever predominates, is used as the basis for determining eligibility of the township for awards.

LEVY HAS ADVANTAGES

Establishment of the one per cent levy on grain sales as the farmers' contribution to the fund has its advantages. For one thing, it means that in years when yields and prices are low the levy is also low. When yields and prices are high the levy rises accordingly. Thus, the amount of the levy is automatically adjusted in the direction of the farmers' ability to pay.

In a crop failure year there is little or no levy to pay. It is therefore easier to pay the levy than to have an average payment each year regardless of the size and value of the crop.

Only once, since 1939, has the levy topped the \$10 million mark. That was in the 1952-53 crop year when farmers contributed a total of \$10,874,311.99. But in all but seven years during the same period PFAA payments have soared well above the \$10 million figure, reaching highs of more than \$33 million in 1954, \$23 million in 1958, \$22 million in 1949 and \$20 million in 1959.

PAYMENTS UNDER PFAA FROM 1957 TO MAY 5, 1961

Crop Year	Manitoba		Saskatchewan		Alberta		British Columbia		TOTAL PAYMENTS	Total Awards
	No. of Awards	Total Payment	No. of Awards	Total Payment	No. of Awards	Total Payment	No. of Awards	Total Payment		
1957.....	7,768	\$1,720,315.00	33,408	\$9,917,414.50	20,064	\$5,806,718.50	1,269	\$374,340.00	\$17,818,788.00	62,509
1958.....	6,133	\$1,184,870.50	48,108	\$15,025,990.00	28,789	\$7,001,807.50	654	\$135,330.50	\$23,347,998.50	83,684
1959.....	9,233	\$1,875,916.50	42,404	\$13,652,058.50	15,624	\$4,624,610.50	1,166	\$276,877.00	\$20,429,462.50	68,427
1960.....	3,315	\$657,071.00	14,293	\$4,544,504.50	18,043	\$5,252,905.00	497	\$98,579.50	\$10,553,060.00	36,148
TOTAL 26,449		\$5,438,173.00	138,213	\$43,139,967.50	82,520	\$22,686,041.50	3,586	\$885,127.00	\$72,149,309.00	250,768

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